



[4830-01-P]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Credit for Renewable Electricity Production and Refined Coal Production, and Publication of Inflation Adjustment Factor and Reference Prices for Calendar Year 2015

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Publication of inflation adjustment factor and reference prices for calendar year 2015 as required by sections 45(e)(2)(A) (26 U.S.C. 45(e)(2)(A)) and 45(e)(8)(C) (26 U.S.C. 45(e)(8)(C)) of the Internal Revenue Code.

SUMMARY: The 2015 inflation adjustment factor and reference prices are used in determining the availability of the credit for renewable electricity production and refined coal production under section 45. For calendar year 2015, the credit period for Indian coal production has expired.

DATES: The 2015 inflation adjustment factor and reference prices apply to calendar year 2015 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources and to 2015 sales of refined coal produced in the United States or a possession thereof.

Inflation Adjustment Factor: The inflation adjustment factor for calendar year 2015 for qualified energy resources and refined coal is 1.5336.

Reference Prices: The reference price for calendar year 2015 for facilities producing electricity from wind is 4.50 cents per kilowatt hour. The reference prices for fuel used as feedstock within the meaning of section 45(c)(7)(A) (relating to refined coal

production) are \$31.90 per ton for calendar year 2002 and \$57.64 per ton for calendar year 2015. The reference prices for facilities producing electricity from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy have not been determined for calendar year 2015.

Phaseout Calculation: Because the 2015 reference price for electricity produced from wind (4.50 cents per kilowatt hour) does not exceed 8 cents multiplied by the inflation adjustment factor (1.5336), the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2015. Because the 2015 reference price of fuel used as feedstock for refined coal (\$57.64) does not exceed \$83.17 (which is the \$31.90 reference price of such fuel in 2002 multiplied by the inflation adjustment factor (1.5336) and 1.7), the phaseout of the credit provided in section 45(e)(8)(B) does not apply to refined coal sold during calendar year 2015. Further, for electricity produced from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy, the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2015.

Credit Amount by Qualified Energy Resource and Facility and Refined Coal: As required by section 45(b)(2), the 1.5 cent amount in section 45(a)(1), the 8 cent amount in section 45(b)(1), and the \$4.375 amount in section 45(e)(8)(A) are each adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which

the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent. In the case of electricity produced in open-loop biomass facilities, small irrigation power facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) (before rounding to the nearest 0.1 cent) to be reduced by one-half. Under the calculation required by section 45(b)(2), the credit for renewable electricity production for calendar year 2015 under section 45(a) is 2.3 cents per kilowatt hour on the sale of electricity produced from the qualified energy resources of wind, closed-loop biomass, geothermal energy, and solar energy, and 1.2 cents per kilowatt hour on the sale of electricity produced in open-loop biomass facilities, small irrigation power facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities. Under the calculation required by section 45(b)(2), the credit for refined coal production for calendar year 2015 under section 45(e)(8)(A) is \$6.710 per ton on the sale of qualified refined coal.

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